

Assembly Bill No. 2589

CHAPTER 331

An act to add Section 1367.08 to the Health and Safety Code, and to add Section 10604.5 to the Insurance Code, relating to health care.

[Approved by Governor September 26, 2008. Filed with
Secretary of State September 26, 2008.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2589, Solorio. Health care coverage: public agencies.

The Knox-Keene Health Care Service Plan Act of 1975, the willful violation of which is a crime, provides for the licensing and regulation of health care service plans by the Department of Managed Health Care. Existing law provides for the regulation of health insurers by the Department of Insurance. Under existing law, health care service plans and health insurers are required to make certain disclosures to enrollees and insureds. Existing law also provides for the licensing and regulation of insurance agents and brokers.

This bill would require a health care service plan or a health insurer to annually disclose to the governing board of a public agency that is the subscriber of a group contract or the policyholder of a group health insurance policy specified information, including, but not limited to, any fees or commissions paid to any agent, broker, or other individual related to the public agency's group contract or policy. Because the bill would create a new requirement under the Knox-Keene Health Care Service Plan Act of 1975, the willful violation of which would be a crime, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The people of the State of California do enact as follows:

SECTION 1. Section 1367.08 is added to the Health and Safety Code, to read:

1367.08. A health care service plan shall annually disclose to the governing board of a public agency that is the subscriber of a group contract, the name and address of, and amount paid to, any agent, broker, or individual to whom the plan paid fees or commissions related to the public agency's group contract. As part of this disclosure, the health care service plan shall

include the name, address, and amounts paid to the specific agents, brokers, or individuals involved in transactions with the public agency. The compensation disclosure required by this section is in addition to any other compensation disclosure requirements that exist under law.

SEC. 2. Section 10604.5 is added to the Insurance Code, to read:

10604.5. An insurer shall annually disclose to the governing board of a public agency that is the policyholder of a group health insurance policy, the name and address of, and amount paid to, any agent, broker, or individual to whom the insurer paid fees or commissions related to the public agency's group health insurance policy. As part of this disclosure, the insurer shall include the name, address, and amounts paid to the specific agents, brokers, or individuals involved in transactions with the public agency. The compensation disclosure required by this section is in addition to any other compensation disclosure requirements that exist under law.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.